



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

Publication 109

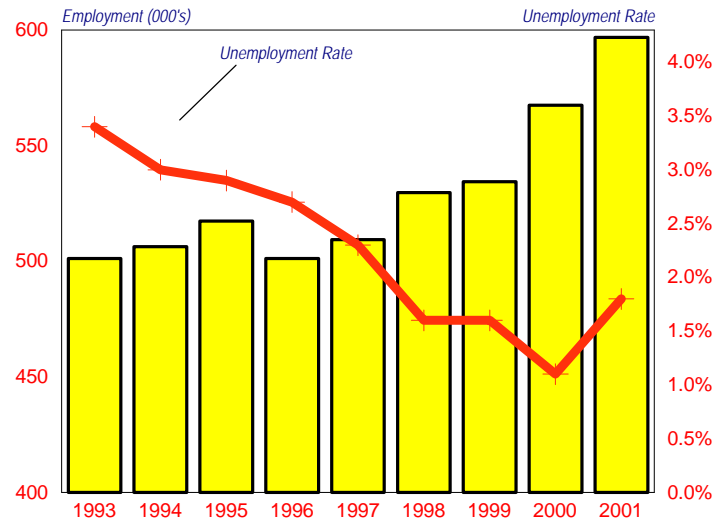
SEPTEMBER 2001

SEPTEMBER HIGHLIGHTS

It should be noted that data available for this publication, except for the Consumer Confidence Index, reflects economic activity prior to the tragic events of September 11, 2001.

- ☐ The July unemployment rate in Fairfax County fell to 1.8 percent.
- ☐ September Sales Tax receipts for Fairfax County were 2.8 percent lower than September 2000, and fiscal year-to-date growth was down 6.4 percent.
- ☐ Overall growth in new residential permits fell in August. Multifamily permits were up 17.2 percent, while single family permits were down 12.1 percent.
- ☐ Homes sales data through August show that sales volume was up for existing homes and down for new homes. Median sales prices are showing moderate to strong growth for both categories.
- ☐ The Consumer Confidence Index plummeted in September due to slow economic conditions and continued lay-offs. The terrorist attacks on the World Trade Center and the Pentagon on September 11, 2001 have exacerbated the downturn in the economy.
- ☐ In July, the Fairfax County Coincident Index declined and the Leading Index increased. The Fairfax County economy continues to sustain gains in employment and consumer spending. The full impact of the September 11 attacks will not be known for several months.
- ☐ The Metropolitan Washington Coincident and Leading Indices both decreased in July, continuing the deceleration that began in November 2000. The expected decline of the national economy in the third quarter and possibly the fourth will have an impact on the Washington economy. This economic slowdown may be aggravated by the events of September 11. The area's underlying economic strength, however, may help cushion these negative impacts.

RESIDENTIAL EMPLOYMENT - JULY



Source: Virginia Employment Commission
Compiled by the Fairfax County Dept. of Management and Budget

According to the Virginia Employment Commission (VEC), the July unemployment rate in Fairfax County fell to 1.8 percent—a 0.2 point decrease from June. The July 2001 rate was 0.7 points higher than the July 2000 rate of 1.1 percent.

Statewide, the unemployment rate fell in July by 0.3 points to 2.9 percent. This figure represents a low jobless level for the month of July and is also well below the July U.S. unemployment rate of 4.7 percent. The VEC noted that this was one of the best summer job markets ever. Almost all students who entered the job market in May and June found employment in July. Students were partially replaced in the unemployment ranks by adult workers on summer furloughs.

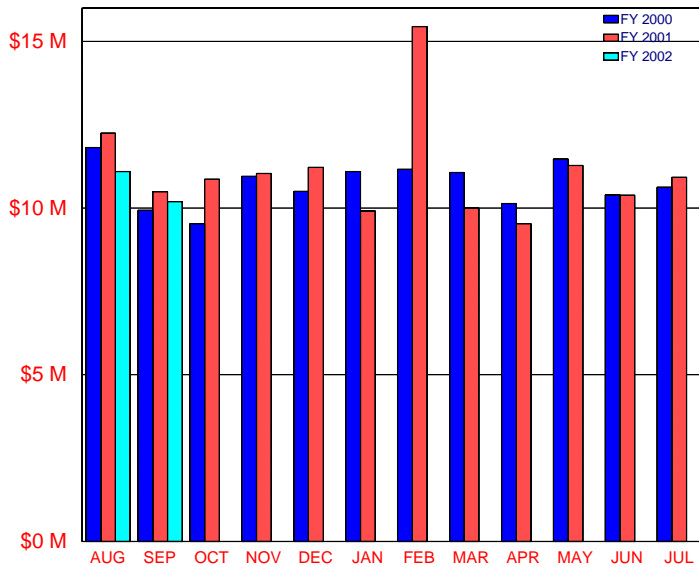


The impact of the events of September 11 on the unemployment rate will not be known until November when September data are released.

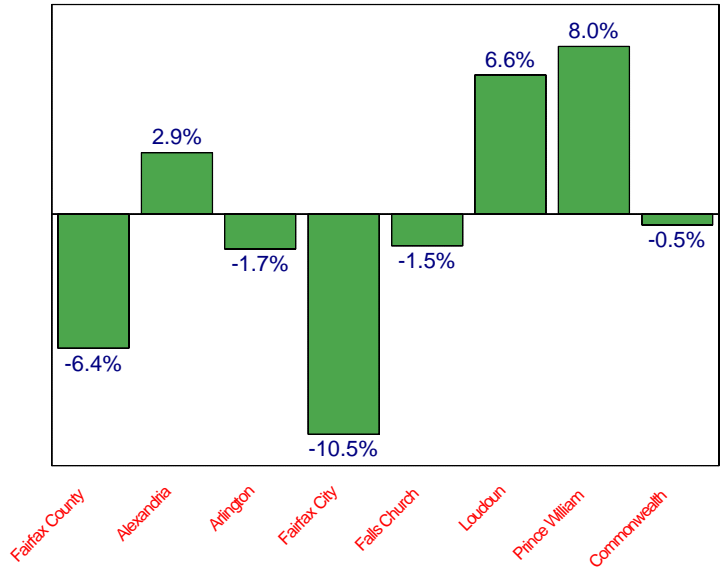
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>



SALES TAX REVENUES*(revenues represent retail sales two months prior)*

Source: Virginia Department of Taxation
 Compiled by the Fairfax County Dept. of Management and Budget

FY 2002 SALES TAX RECEIPTS THROUGH AUGUST

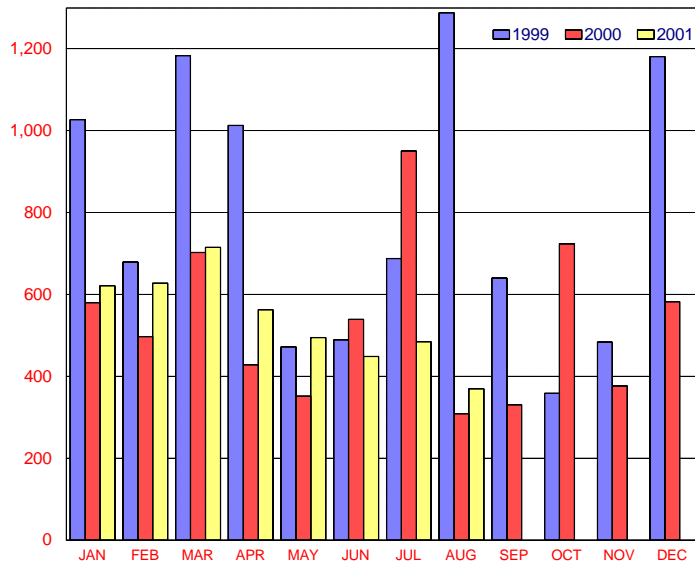
Source: Virginia Department of Taxation
 Compiled by the Fairfax County Dept. of Management and Budget

September Sales Tax receipts for Fairfax County, representing retail purchases made in July, were \$10.2 million—2.84 percent lower than July 2000. Fiscal year-to-date, Sales Tax receipts were 6.4 percent lower than the same period last year.

According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in August increased 0.2 percent from July, and were up 3.1 percent from August 2000. Compared to last year, health and personal care store sales were up 7.9 percent, building materials and garden equipment sales were up 6.5 percent, gasoline station sales were down 1.5 percent, and motor vehicle and parts sales were up 4.7 percent.

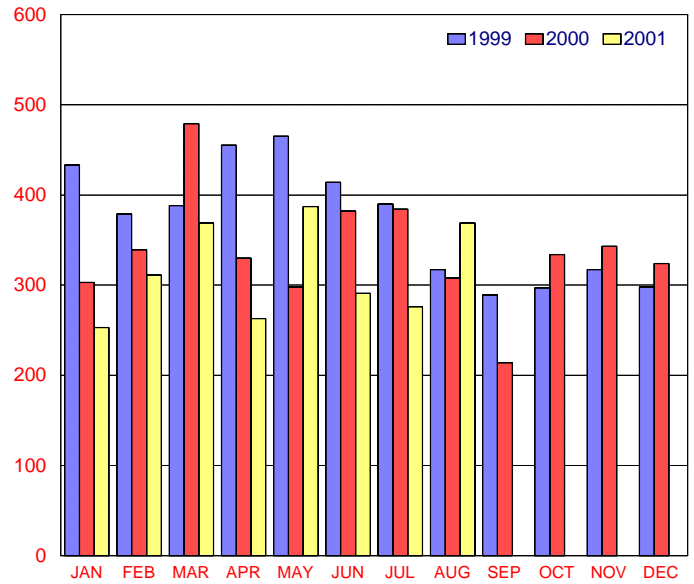
In July, growth in Northern Virginia Sales Tax receipts slowed considerably. Loudoun County was up only 6.6 percent from the same period last year. Falls Church was down 1.5 percent and Fairfax City dropped 10.5 percent year to date. Arlington County receipts were 1.7 percent lower than the same period last year. Prince William County was 8.0 percent above the same period last year, Alexandria has grown 2.9 percent and Fairfax County was 6.4 percent lower than last year. Sales Tax receipts were down .5 percent Statewide from the same period.

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



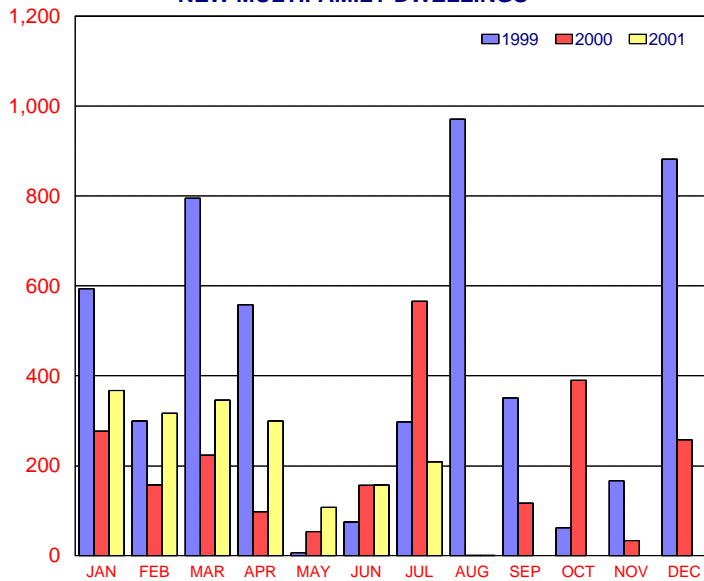
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLINGS

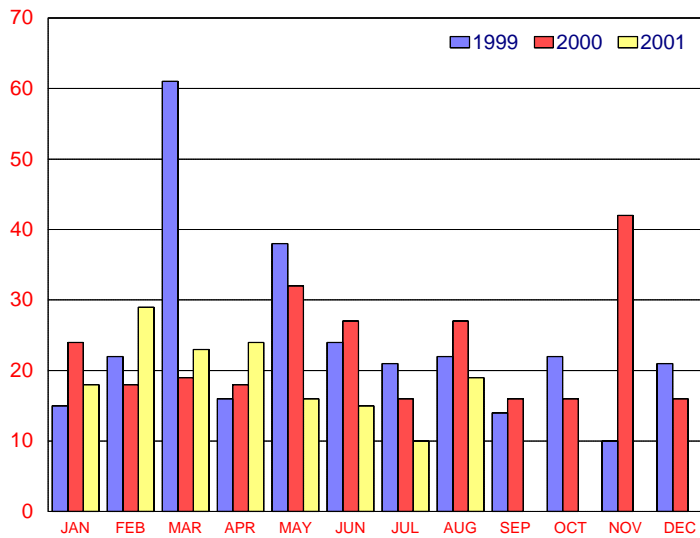


Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Through August, overall growth decelerated in new residential permit categories, year-to-date. In total, new residential dwelling permits were down 1.8 percent, or 78 permits. Multifamily permits were up 17.2 percent or 264 permits through August, while single family permits were down 12.1 percent, or 342 permits, over the same period.

Residential repair and alteration permits were also down year-to-date. Through August, issues of residential repair and alteration permits have decreased sharply by 43.5 percent, or 5,933 permits, from the same period last year.

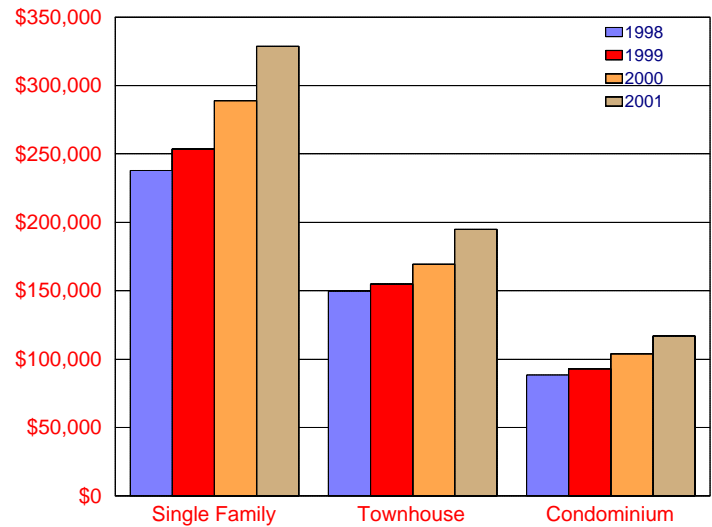
NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES



Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD AUGUST 2001 COMPARED TO ANNUAL MEDIAN PRICES 1998 - 2000

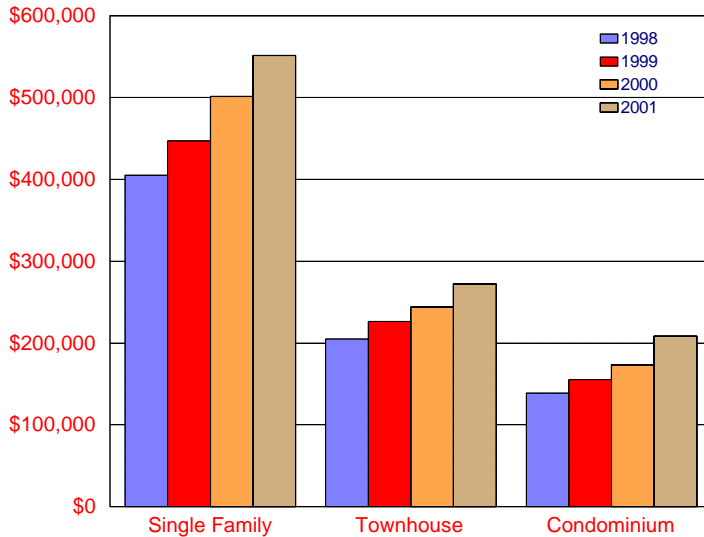


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through August were down 14.9 percent, or 27 permits, from the same period in 2000. Nonresidential repair and alterations permits were down 15.6 percent, or 503 permits year-to-date.

According to home sales data through the end of August 2001, existing homes in Fairfax County experienced strong growth in median sales prices. For existing single family homes, the median was \$328,850 compared to the 2000 median of \$289,000—growth of 13.8 percent. The median sales price for townhomes grew 15.0 percent from \$169,500 in 2000 to \$195,000 through August 2001. The median for condominiums increased from \$103,945 to \$116,900 representing growth of 12.5 percent.

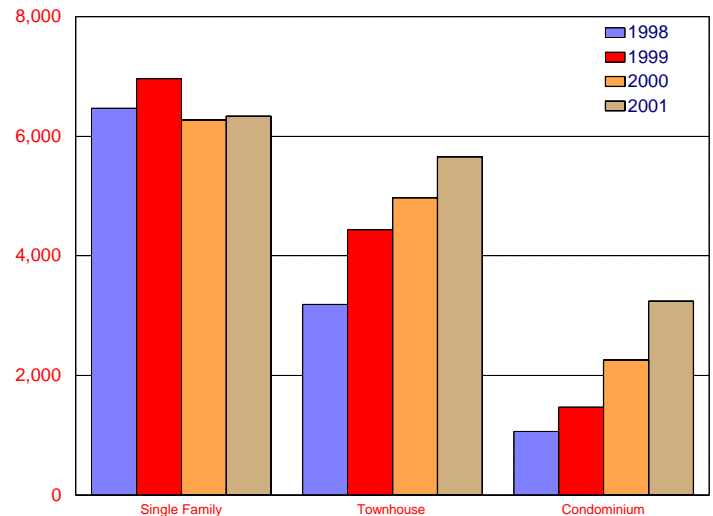
**MEDIAN PRICE OF NEW HOMES SOLD
AUGUST 2001 COMPARED TO
ANNUAL MEDIAN PRICES 1998 - 2000**



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Growth in median sales prices for new homes was strong according to sales data through August 2001. The median sales price for a new single family home was \$551,430, an increase of 10.0 percent, or \$50,010, over the 2000 median. New townhomes have increased 11.5 percent, from \$244,067 to \$272,227, while the median for condominiums grew from \$173,226 to \$208,275, or 20.2 percent, over the same period.

**NUMBER OF EXISTING HOMES SOLD
AUGUST 1998-2001**



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

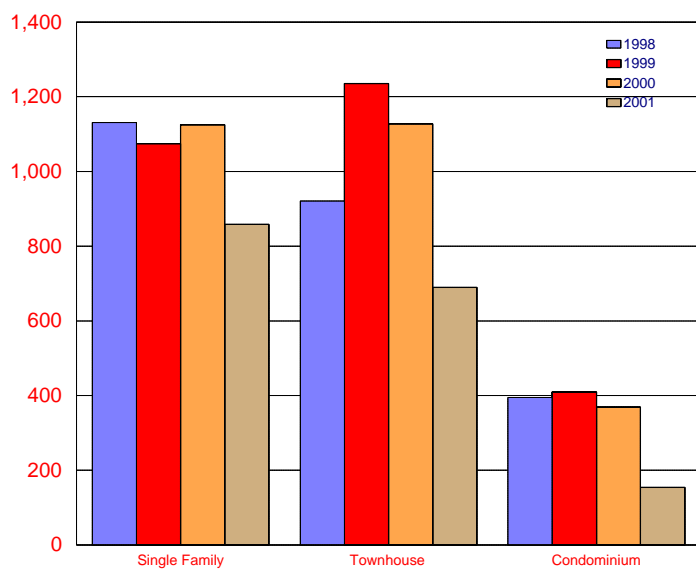
**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
YEAR-END 2000 COMPARED TO 2001 THROUGH AUGUST**

	Existing Sales	New Sales
Single Family	13.8	10.0
Townhouse	15.0	11.5
Condominium	12.5	20.2

Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Existing home sales volume was up slightly for single family homes, up moderately for townhomes and up sharply for condominiums according to sales data through August 2001. Single family home sales increased by 62 units, or 1.0 percent, from 6,274 to 6,336. Townhome sales increased 13.8 percent from 4,971 to 5,659 while condominium sales were up 43.6 percent from 2,258 to 3,242 year-to-date.

NUMBER OF NEW HOMES SOLD AUGUST 1998-2001

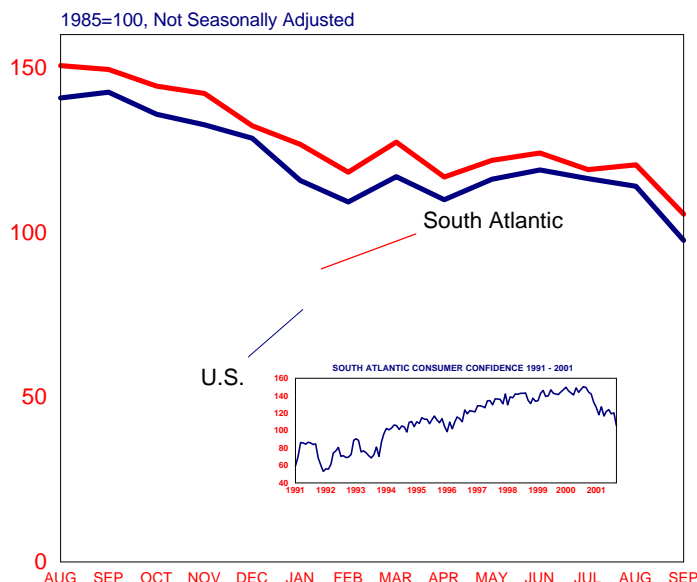


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

New home sales data through August shows that volume was down across all housing categories compared to the same period last year. While new home sales slowed, the decline may not be as dramatic as the following numbers suggest due to a delay in sales data. New condominium sales have fallen from 369 in 2000 to 154 in 2001—a decline of 58.3 percent—but should be even with last year's numbers when additional sales are recorded. New townhome sales decreased 38.8 percent, from 1,127 to 690, while single family home sales have fallen 23.7 percent, from 1,125 to 858. Both new townhome sales and single family home sales numbers are also expected to moderate as new data are recorded for August.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX



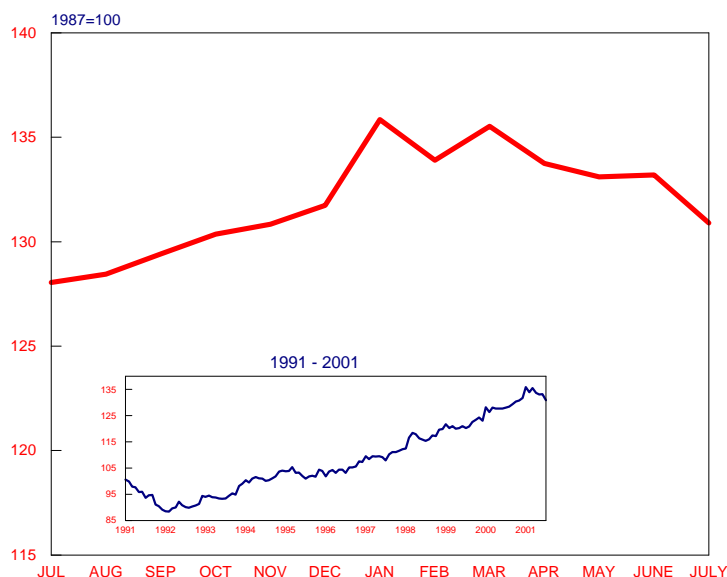
Source: Conference Board
Compiled by the Fairfax County Dept. of Management and Budget

The Conference Board's Consumer Confidence Index, which declined in August to 114, dropped sharply to 97.6 in September. The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. The Present Situation Index measures consumers' confidence in current business and employment conditions, while the Expectations Index measures consumers' confidence in business, employment, and family income prospects six months hence. The two indices are averaged to form the composite Consumer Confidence Index.

In September, the Present Situation Index decreased 13.4 percent from August and the Expectations Index decreased by 15.5 percent. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, the continued decline in consumer confidence is linked to deteriorating labor market conditions and weakening business conditions. The terrorist attacks on the World Trade Center and the Pentagon on September 11, 2001 have exacerbated the downturn in consumer confidence. As a result, Franco suggests that the outlook for the economy is not overly promising, especially with a possible increase in the unemployment rate coupled with a decrease in consumer spending. She noted that the U.S. might be headed for a recession. The South Atlantic Consumer Confidence Index was also down to 105.6 in September, a 12.4 percent decrease from August.

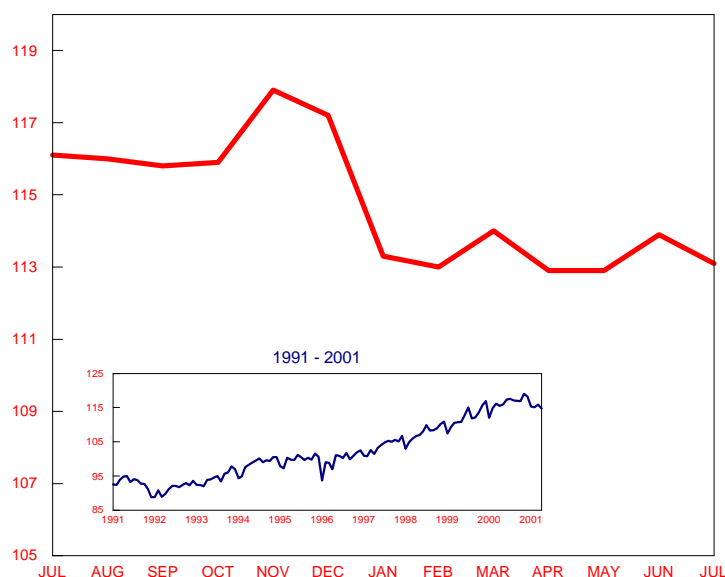
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

FAIRFAX COUNTY COINCIDENT INDEX



Sources: Center for Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

METROPOLITAN COINCIDENT INDEX



Source: Center for Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

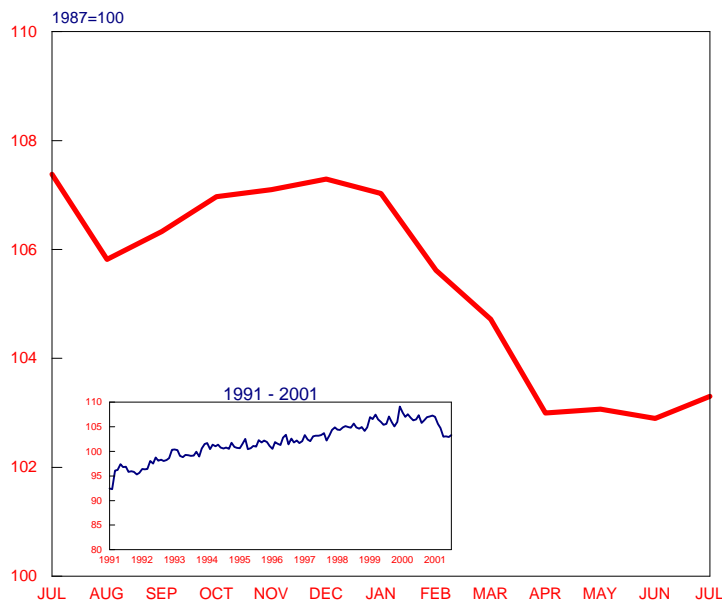
The Fairfax County Coincident Index, which represents the current state of the County's economy, declined to 130.9 in July—a 1.7 percent decrease from June. The Index has decreased for four consecutive months and for five of the past six months. Despite its decline, the Index is 2.3 percent above its level in July 2000. Unfortunately, the effects of the attacks on the World Trade Center and the Pentagon on September 11, 2001 may significantly impact the County's performance in the fourth quarter and into 2002. In July, three of the Index's four components were negative. Transient occupancy tax collections, adjusted for inflation and seasonal variation, declined for the sixth month in a row. Consumer confidence was down sharply in July after increasing in June and has now been negative in seven of the last eight months. Total employment in July decreased slightly from its June level. Sales tax collections, adjusted for inflation and seasonal variation, increased in July and have been up in two of the last three months.



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, decreased to 113.1 in July—a decrease of 0.6 percent from June. The decrease follows a slight increase in the Index's June level. The Index's decline in 2001 below its historic growth rate has turned its trend line negative. In July, three of the Index's four components were negative. Consumer confidence decreased sharply in July after increasing the previous month and has now been down in ten of the past twelve months. Total wage and salary employment declined for the first time in six months. Nondurable goods retail sales declined for the second consecutive month and for the fifth time in seven months. Domestic passenger volume at Dulles and Reagan Airports rose for the second month in a row and for the fourth time in five months.

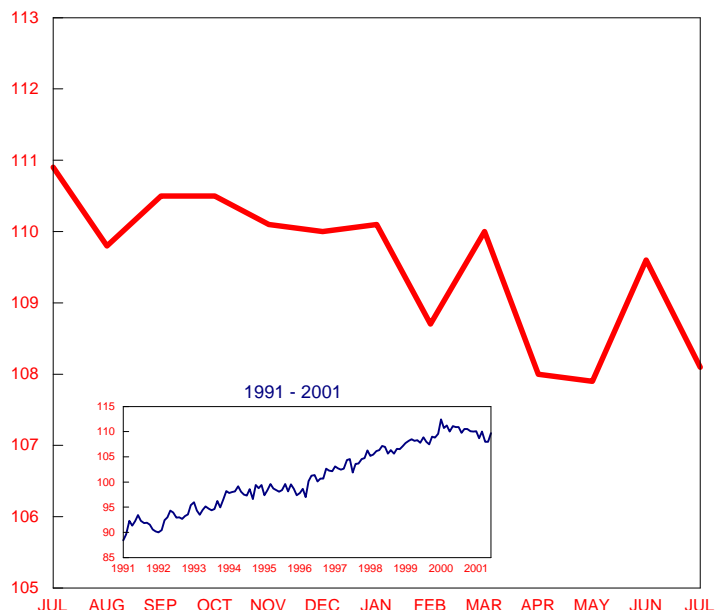


FAIRFAX COUNTY LEADING INDEX



Sources: Center for Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

METROPOLITAN LEADING INDEX



Source: Center Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, increased to 103.3 in July—a 0.34 percent increase from June. The Index, although below its historic trend line, showed renewed strength in July. The data, however, does not reflect the economic reaction to the events of September 11, 2001. The attacks may weaken the economy and delay its recovery for many months to come. In July, four of the Index's five components contributed to its gain. New automobile registrations rose in June for the second time in three months. Residential building permits increased in July after five monthly declines. The total value of residential building permits increased for the second month in a row. Initial claims for unemployment insurance declined (improved) for the second month in a row. Consumer expectations declined following two monthly gains.



The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, decreased to 108.1 in July for a loss of 1.4 percent. The decrease in July is the third decrease in four months and the eighth in twelve months. In July, all five of the index's components contributed to its decline. Total residential building permits were down in July for the fourth time in five months. Initial claims for unemployment insurance increased (worsened) for the third time in four months. Durable goods retail sales decreased after increasing in May and June. Consumer expectations (consumer confidence six months hence) decreased after a strong gain in May and June. The Help Wanted Index declined in July for the sixth consecutive month.



Inquiries should be directed to:

The Department of Management and Budget
12000 Government Center Parkway, Suite 561
Fairfax, Virginia 22035-0074
(703) 324-2391 or 1-800-828-1120 (TDD)

Staff: Susan Datta, Director; Marcia Wilds, Sarah Chapman, analysts; and Frann Shurnitski, technical support.

Printed on recycled paper.

